

Message Text

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43

ACTION AF-06

INFO OCT-01 EUR-12 ISO-00 XMB-02 EB-07 COME-00 TRSE-00

OPIC-03 AID-05 CIAE-00 INR-07 NSAE-00 RSC-01 /044 W

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R 060940Z JAN 75

FM AMCONSUL LOURENCO MARQUES

TO SECSTATE WASHDC 3159

INFO AMEMBASSY BLANTYRE

AMCONSUL CAPE TOWN

AMEMBASSY DAR ES SALAAM

AMCONSUL JOHANNESBURG

AMEMBASSY LISBON

AMEMBASSY LUSAKA

AMEMBASSY MBABANE

AMEMBASSY NAIROBI

AMEMBASSY PRETORIA

C O N F I D E N T I A L LOURENCO MARQUES 0010

CAPE TOWN FOR EMBASSY

E.O. 11652: GDS

TAGS: EFIN, ETRN, MZ

SUBJECT: EXIMBANK FINANCING FOR LOCOMOTIVES FOR MOZAMBIQUE

REF: (A) STATE 283293 (NOTAL); (B) LOURENCO MARQUES 043(NOTAL)

(C) CAPE TOWN 874 (NOTAL); (D) STATE 150629 (NOTAL);

(E) PRETORIA 5299 (NOTAL); (F) LOURENCO MARQUES 1147(NOTAL);

(G) LOURENCO MARQUES 1156 (NOTAL). ALL REFERENCES 1974.

1. PRIOR TO DEPARTING FROM WASHINGTON, WE RECOMMEND FACT FINDING TEAM TO MOZAMBIQUE (REF A) EXPLORE POSSIBILITY OF PROVIDING EXIMBANK FINANCING, WITH MOZAMBIQUE GOVERNMENT ENTITY AS GUARANTOR, FOR THE SALE OF U.S. LOCOMOTIVES TO MOZAMBIQUE'S PORTS AND RAILWAY ADMINISTRATION (CFM). AS INDICATED REF B, CFM DIRECTOR CAMILO TEIXEIRA WAS CONTEMPLATING ORDERING 10 MORE LOCOMOTIVES FROM GE; REF C SUGGESTS HE IS NOW TURNING TO SOUTH AFRICA OR OTHER SOURCES FOR LOCOMOTIVES BECAUSE OF
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PROBLEMS HE HAS EXPERIENCED IN OBTAINING EXIMBANK FINANCING.

IN VIEW OF MOZAMBIQUE'S FORTHCOMING INDEPENDENCE, EXIMBANK'S PAST INSISTENCE ON ASSURANCE OF FOREIGN EXCHANGE AVAILABILITY (REF D) FROM PORTUGUESE ENTITY NO LONGER APPEARS REALISTIC AND HAS CREATED BITTER FEELINGS IN MOZAMBIQUE GOVERNMENT AND CFM.

2. SALE OF U.S. LOCOMOTIVES WOULD HAVE FOLLOWING BENEFITS:

(A) PROVIDE ORDERS FOR U.S. MANUFACTURERS. ACCORDING TO EMBASSY PRETORIA (REF E), POTENTIAL U.S. SUPPLIERS ASIDE FROM GE ARE AMERICAN LOCOMOTIVE (ALCO) AND GENERAL MOTORS. (B) HELP REMOVE BOTTLENECKS IN RAILROADS, WHICH ARE IMPEDING MOZAMBIQUE EXPORTS AND TRANSIT TRAFFIC FROM SOUTH AFRICA. ADDITIONAL LOCOMOTIVES SHOULD HELP INCREASE MOZAMBIQUE'S FOREIGN EXCHANGE EARNINGS FROM EXPORTS AND INVISIBLES AND THUS ENHANCE MOZAMBIQUE'S ABILITY TO REPAY EXIMBANK LOAN. (C) ASSUMING EXIMBANK FINANCING IS MADE AVAILABLE, WOULD PROVIDE TANGIBLE EVIDENCE OF U.S. SUPPORT FOR MOZAMBIQUE GOVERNMENT.
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